

WASHINGTON YOUTH TOUR COOPERATIVE STUDY GUIDE

ABOUT BLUE GRASS ENERGY

In 1922, there were more than 2,500 municipally owned electric power plants. But most of America's farms were dark. In 1935, only **10 percent** of farms in the United States had electricity. Rural citizens wanted the same benefits folks in cities had been enjoying for years. But most of the private power companies wanted nothing to do with stringing lines across miles and miles of open country.

To help rural people get electricity, the **Rural Electrification Administration, or REA**, was formed on May 11, 1935, by an executive order from President **Franklin D. Roosevelt**. REA's job was to get electric energy into rural areas by providing long-term, low-interest rate loans to existing utility companies so they could build electric lines.

The Blue Grass Rural Electric Cooperative Corporation, named by Mr. **J.L. Miller**, a Madison County Agent, received its first loan from the Rural Electrification Administration on Oct. 1, 1937, in the amount of \$120,000.

The first lights of the cooperative were turned on **June 15, 1938**, with a total of 258 connected members and 126.5 miles of energized lines. These lines served sections of Jessamine, Fayette and Madison counties.

Blue Grass RECC merged with Fox Creek RECC in Lawrenceburg in 1998 to form Blue Grass Energy. The merger more than doubled the co-op's service area. BGEnergy then merged with Harrison RECC in Cynthiana in 2002, adding nine more counties to serve.

Today, Blue Grass Energy serves more than **55,000 member-owners** in **23** central and north central Kentucky **counties**. The co-op has **four** locations: headquarters in **Nicholasville** and district offices in **Cynthiana, Lawrenceburg** and **Richmond**.

BGEnergy is a member of **Touchstone Energy**, an alliance of more than 900 cooperatives in 47 states.

HOW THE COOPERATIVE WORKS

A **cooperative** is a private business enterprise that is owned and controlled by those who use it for mutual benefit – every person who receives electricity from Blue Grass Energy owns a part of the co-op. Electric cooperatives are **not-for-profit**, which means it must generate revenue in order to operate, but it does not create excess profits for investors. Any profits that are above the cost of operation are returned to members. It is a form of business more interested in service to people than in making dollars.

When someone becomes a member of Blue Grass Energy, he or she pays a membership fee. The new member then receives a set of the cooperative's bylaws and becomes a member-owner of the cooperative. Each member has **one vote** and ownership right in Blue Grass Energy.

The cooperative is required to hold an **annual meeting**, with BGEnergy's usually held in June. During the business meeting, members can be informed about the financial condition of the cooperative and its growth and can elect members to serve as directors on the cooperative's board.

Members of the Board of Directors are elected to serve a term of **four years**. It is made up of member/ representatives who receive electric service from BGEnergy. The board hires a president & CEO whose primary job is to enforce the policies established by the board. Mr. **Mike Williams** is BGEnergy's president & CEO.

The Kentucky **Public Service Commission** must approve all changes that are made in the electric rates members pay. Members of the commission are appointed by the governor to control utilities' rates, rules and regulations.

The traits we have as cooperatives represent core values like **integrity, accountability, innovation and a commitment to the communities** we serve. These core values are the same ones that created the rural electric cooperatives more than 70 years ago, when friends and neighbors helped each other string power lines that would bring electricity to rural homes for the first time.

All decisions made at Blue Grass Energy are based on our purpose of **making life better, the cooperative way**. Our superior service commitment extends into the community as we teach youth about electrical safety, the environment and green energy, and provide **college scholarships** and the **Washington Youth Tour** to our members and their children. Blue Grass Energy is part of the community and has been for many years.

ASSOCIATED ORGANIZATIONS

East Kentucky Power Cooperative (EKPC) is a generation and transmission cooperative that supplies Blue Grass Energy and 15 other Kentucky cooperatives with wholesale electric power. The electric power is then sold to families, farms and businesses in our service area.

Kentucky Association of Electric Cooperatives (KAEC) is a service organization for the 26 rural electric cooperatives in Kentucky.

National Rural Electric Cooperative Association (NRECA) is the trade-service organization for almost all of the more than 900 rural electric systems that serve in 47 states. The organization was formed to represent the rural electric cooperatives before Congress and the various government agencies whose actions affect their operations. NRECA is not supported by government funds nor is it an agency of the federal government. Dues contributed by member systems support non-fee services. NRECA is headquartered in Arlington, Virginia.